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OFFICE OF LOGISTICS  
PROCUREMENT NOTE NO. 48

26 JAN 1971

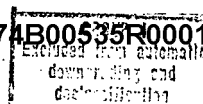
BASIC AGREEMENTS

1. The Office of Logistics' policy toward basic agreements is that they are useful contracting mechanisms and shall be used where appropriate.
2. The administration and control of basic agreements executed prior to 1 July 1970 shall be in accordance with Procurement Note No. 8. The negotiation, administration, and settlement of basic agreements initiated on or after 1 July 1970 are the responsibilities of the initiating contracting element. Task orders will be issued only by the contracting element that issued the particular and applicable basic agreement.
3. The following will be the requirements for all basic agreements:
  - a. Basic agreements will be written for a maximum period of 3 years.
  - b. Basic agreements will contain advance understanding on appropriate cost items set forth in ASPR 15-107. (For guidance on IR&D, see Procurement Note No. 15, dated 25 October 1968.)
  - c. The negotiation of advance understandings, including travel and per diem, will be coordinated with the other contracting elements.
4. The maintenance of current clauses for the basic agreement "boiler plate" shall be the function of the Procurement Management Staff, Office of Logistics (PMS/OL), under LI 1-15.
5. The Industrial Contract Audit Division, Office of Finance (ICAD/OF), prepares listings of all current contracts and task orders by contractor and will provide interim and final audit reports on these contracts and task orders to those procurement and contracting elements having cognizance.
6. The determination of appropriate overhead rates is vital to basic agreements and task orders issued thereunder. Information on these rates is provided for use of Agency

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contracting officers by ICAD which audits overhead for certain contractors and evaluates overhead audits of other contractors audited by other Government audit organizations. The following procedures will apply for determination of appropriate overhead rates:

a. Contracts Audited by ICAD - Upon completion of an overhead audit, ICAD will furnish its report to PMS for assignment to an Agency contracting officer who shall thereafter have the responsibility for negotiating the rates applicable to all Agency-held contracts with the contractor. This will ordinarily be that senior contracting officer who heads the contracting element having the predominant number of contracts and/or task orders with the concerned contractor. At the same time an invitation will be issued to the other contracting officers in the event they desire to take part in the negotiations. The results of the negotiations will be reported to PMS who will distribute the information to other concerned contracting elements for inclusion in their affected contracts.

b. Contractors Audited by Other Government Audit Organizations - Information on overhead rates negotiated with a contractor by other Government audit organizations will be furnished by ICAD to each contracting element having contracts therewith. It will be the responsibility of each element contracting officer to review this information and determine its applicability to his contracts and incorporation therein. In the event that ICAD should not concur in the rates established by the other Government audit organizations, this fact will be communicated to PMS with an ICAD recommendation relating to the resolution of the problem. The Chief, PMS, will thereupon assign the contracting officer responsibility for determining Agency-acceptable rates in accordance with the procedure described in 6a above.

7: Short term overhead rate determination will neither be negotiated nor utilized without the prior approval of the Director of Logistics. Requests for short term rate determination are to be addressed to the Director of Logistics through PMS.

8. The contracting officer is the Agency's responsible official for determining the acceptability of a contractor's overhead rates of any given fiscal period. The timely submission by the contractor of his proposed final rate(s) is vital. The contractual language specifically provides that the contractor will propose final overhead rate(s) on a timely basis. In the administration of the contract, it is incumbent upon the contracting officer to ensure that the contractor fulfills this obligation. The ICAD contracting element representative (or ICAD itself) will notify the contracting officer having the most contracts or the assigned

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responsible contracting officer when he becomes aware that an overhead rate proposal should be made by a contractor. The notice shall be routed through PMS.

9. In order that the Agency will present one face and that the several contracting elements will not unduly contact a contractor on the same issue, PMS will maintain a basic agreement roster for the benefit of all contracting elements. The roster will show the contractor's name, cognizant contracting elements, basic agreements by number, task orders by number, and separate contracts.



John F. Blake  
Director of Logistics

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